

ORIGINALDecision No. 68561

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the matter of the Application of
 Bakman Water Company, a Corporation,
 for an order authorizing an increase
 in rates for water service and a
 consolidation of tariff areas.

Application No. 47020
 (Filed October 2, 1964)

O P I N I O N

Bakman Water Company, a California corporation, requests that its present basic flat rate of \$2.75 per month for a 3/4-inch service connection and \$3.50 per month for a 1-inch service connection for each residence be increased to \$3.50 and to \$4.50, respectively, in the Bakman Homesites tariff area. Applicant proposes no rate increase for water service in the Rancho Easterby tariff area, but seeks to consolidate the two tariff areas into a single tariff area with equal rates. Applicant also requests an increase in rates for general metered service and public fire hydrant service. The system, described in the application, serves about 570 flat rate customers and two metered customers in the Bakman Homesites tariff area and 202 flat rate customers and two metered customers in the Rancho Easterby tariff area, all within one mile east of the City of Fresno, Fresno County.

In accordance with standard practice, applicant, at the Commission's request, advised its customers of the proposed increases and invited them to call to the Commission's attention any problems pertaining to a reasonable charge for water service. Replies were received from 18 customers. Fourteen related to the magnitude of the proposed rates, one pertained to a main extension refund which was resolved during the staff's investigation, and three concerned low pressure.

A review of the Commission's informal complaint files for the last two years revealed that, as of September 30, 1964, no informal complaints concerning this utility had been filed.

Applicant appears to be rendering satisfactory service. It has a water supply permit issued in 1964 by the State Health Department, and water sample tests taken on the average of twice a month by the Fresno County Health Department have shown the water quality to be consistently satisfactory.

Results of the staff's investigation are included in a report, dated December 23, 1964, based on a field investigation, customer interviews and examination of the utility's records. The report includes operating and financial data as well as certain rate recommendations. The staff's study is hereby included in this record as Exhibit 1.

The staff, after making certain accounting adjustments in the recorded 1963 figures as of December 31, 1963, developed a depreciated rate base of \$87,429 as compared with applicant's calculation of \$85,714. The staff's higher figure results primarily from the inclusion of an allowance for working capital.

A condensed comparison of the staff' analysis of operating results with applicant's recorded and estimated results, at present and proposed rates, is shown below:

Item	Recorded Year 1963 (Adjusted)	Estimated Year 1964		
		Present Rates Staff	Proposed Rates Staff Applicant	
Operating Revenues	\$35,533	\$38,810	\$45,680	\$45,824
<u>Oper. Rev. Deductions</u>				
Operating Expenses	21,255	25,800	25,800	28,335
Depreciation	7,322	8,270	8,270	8,213
Taxes other than Income	2,270	3,510	3,510	2,497
Income Taxes	196	100	390	1,157
Total Deductions	<u>31,043</u>	<u>37,680</u>	<u>37,970</u>	<u>40,202</u>
Utility Oper. Income	4,490 (a)	1,130	7,710	5,622
Rate Base	-	87,429	87,429	85,714
Rate of Return	-	1.3%	8.8%	6.56%

(a) This results in a 5.7% rate of return based on an average recorded net plant of \$79,127.

The principal differences between the staff's and applicant's estimates and recorded data, appearing in the items of operating revenues, operating expenses, depreciation expense and taxes, are explained in detail in Exhibit 1.

The staff has recommended that rates be increased approximately 12.6 percent to yield gross revenues of \$43,690 for the estimated year 1964, or a return of 6.6 percent on the staff rate base.

The basic flat rate proposed by the staff is \$4.15 per residential unit for both tariff areas. The continuation of rate differential between 3/4-inch and 1-inch services would be discriminatory as the usage is about the same for both sizes of services. There is no further need for separate tariff areas as they are interconnected and have a common boundary. The staff's tariff proposal would result in the following changes in rates:

- a. The 75 customers with 3/4-inch service connections in the Bakman Homesites tariff area will have a flat rate increase from \$2.75 to \$4.15. The rest of the utility customers (495) in this tariff area have 1-inch service connections and will have a flat rate increase from \$3.50 to \$4.15.
- b. The 202 customers in the Rancho Easterby tariff area will have a rate decrease from \$4.50 to \$4.15.

The staff's tariff proposal is reasonable and will be adopted.

Recommendations of the staff for changes in the form of applicant's rates (Exhibit 1, paragraph 20) are reasonable and will be adopted.

The staff recommends that the restriction on further expansion in the Rancho Easterby area imposed by ordering paragraph 7, in Decision No. 61550, dated February 21, 1961, be lifted. This recommendation is reasonable and will be adopted. However, since applicant's advances for construction now exceed 50 percent of its

net plant investment, applicant will be ordered not to make any further extension of distribution mains without authorization of the Commission until advances decline to less than 50 percent of its net plant investment.

We find that the estimates of operating revenues, expenses, including taxes and depreciation, the rate base and rate of return submitted by the staff for the test year 1964, as modified by the staff recommendations concerning rates, gross revenues and rate of return, herein approved, are reasonable for the purpose of prescribing rates herein.

We further find that the increases in rates and charges authorized herein are justified, that the rates and charges authorized herein are reasonable, and that the present rates and charges, insofar as they differ from those herein prescribed, are for the future unjust and unreasonable.

The application should be granted to the extent provided in the ensuing order.

A public hearing is not necessary.

O R D E R

IT IS ORDERED that:

1. After the effective date of this order, applicant, Bakman Water Company, is authorized to file the revised rate schedules attached to this order as Appendix A. Concurrently therewith, applicant shall cancel by appropriate advice letter all its presently effective rate schedules. Such filing of revised rates and cancelling of present rates shall comply with General Order No. 96-A. The revised rate schedules shall become effective for service rendered on and after March 1, 1965, or four days after the date of filing, whichever is later.

2. The limitation of extension of the Rancho Easterby System imposed by ordering paragraph 7 of Decision No. 61550 is removed. The limitation of expansion as set forth in Rule No. 15 A.2.a. of Bakman Water Company shall remain in full force and effect.

3. Within forty-five days after the effective date of this order, applicant shall file a revised tariff service area map, appropriate general rules, and sample copies of printed forms that are normally used in connection with customers' service. Such filing shall comply with General Order No. 96-A. The effective date of the revised tariff sheets shall be four days after the date of filing.

4. Applicant shall prepare and keep current the system map required by paragraph I.10.a. of General Order No. 103. Within ninety days after the effective date of this order, applicant shall file with the Commission two copies of this map.

The effective date of this order shall be fifteen days after the date hereof.

Dated at San Francisco, California, this 9th day of February, 1965.

Frederick B. Hilgloff
President
George G. Grover
William W. Bennett

Commissioners

Commissioner Peter E. Mitchell, being necessarily absent, did not participate in the disposition of this proceeding.

Schedule No. 1

GENERAL METERED SERVICE

APPLICABILITY

Applicable to all metered water service.

TERRITORY

The area bounded by Olive Avenue, East Kings Canyon Road, Winery
Avenue and Sunnyside Avenue, located approximately 1 1/2 miles east of
Fresno, and vicinity, Fresno County.

(T)
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(T)

RATES

	<u>Per Meter Per Month</u>
Service Charge:	
For 5/8 x 3/4-inch meter	\$ 2.10
For 3/4-inch meter	2.25
For 1-inch meter	3.00
For 1 1/2-inch meter	4.50
For 2-inch meter	6.00
For 3-inch meter	12.00
For 4-inch meter	17.00
For 6-inch meter	28.00
For 8-inch meter	40.00
For 10-inch meter	50.00

(C)

Quantity Rates:

For the first 30,000 cu.ft., per 100 cu.ft.	\$ 0.14
For all over 30,000 cu.ft., per 100 cu.ft.	.11

The Service Charge is a readiness-to-serve
charge applicable to all metered service and
to which is to be added the monthly charge
computed at the Quantity Rates.

(C)

Schedule No. 2

GENERAL FLAT RATE SERVICE

APPLICABILITY

Applicable to all flat rate water service.

TERRITORY

The area bounded by Olive Avenue, East Kings Canyon Road, Winery Avenue and Sunnyside Avenue, located approximately 1½ miles east of Fresno, and vicinity, Fresno County. (T)
(T)

RATES

	<u>Per Service Connection Per Month</u>	
1. For a single-family residential unit, including premises not exceeding 14,000 sq. ft. in area	\$ 4.15	(C)
2. For a multiple unit residential unit, including two units and premises	6.00	
a. For each additional unit	3.00	
3. For each business establishment served from a 1-inch service connection	8.00	(C)
4. For a 2-inch service connection to Raintree Nursing Home	18.00	
5. For a 4-inch service connection to Easterby School No. 2 (Turner School)	50.00	

SPECIAL CONDITIONS

1. The above flat rates apply to service connections not larger than one inch in diameter except as noted. (C)
2. All service not covered by the above classifications shall be furnished only on a metered basis.
3. For service covered by the above classifications, if the utility or the customer so elects, a meter shall be installed and service provided under Schedule No. 1, General Metered Service. (C)

Schedule No. 4

PRIVATE FIRE PROTECTION SERVICE

APPLICABILITY

Applicable to all water service furnished to privately owned fire protection systems.

TERRITORY

The area bounded by Olive Avenue, East Kings Canyon Road, Winery Avenue and Sunnyside Avenue, located approximately 1½ miles east of Fresno, and vicinity, Fresno County.

RATE

Per Month

For each inch of diameter of service connection \$1.50

SPECIAL CONDITIONS

1. The fire protection service connection shall be installed by the utility and the cost paid by the applicant. Such payment shall not be subject to refund.
2. The minimum diameter for fire protection service shall be four inches, and the maximum diameter shall be not more than the diameter of the main to which the service is connected.
3. If a distribution main of adequate size to serve a private fire protection system in addition to all other normal service does not exist in the street or alley adjacent to the premises to be served, then a service main from the nearest existing main of adequate capacity shall be installed by the utility and the cost paid by the applicant. Such payment shall not be subject to refund.
4. Service hereunder is for private fire protection systems to which no connections for other than fire protection purposes are allowed and which are regularly inspected by the underwriters having jurisdiction, are installed according to specifications of the utility, and are maintained to the satisfaction of the utility. The utility may install the standard detector type meter approved by the Board of Fire Underwriters for protection against theft, leakage or waste of water and the cost paid by the applicant. Such payment shall not be subject to refund.
5. The utility will supply only such water at such pressure as may be available from time to time as a result of its normal operation of the system.

Schedule No. 5

PUBLIC FIRE HYDRANT SERVICE

APPLICABILITY

Applicable to all fire hydrant service furnished to municipalities, duly organized fire districts and other political subdivisions of the State.

TERRITORY

The area bounded by Olive Avenue, East Kings Canyon Road, Winery Avenue and Sunnyside Avenue, located approximately 1½ miles east of Fresno, and vicinity, Fresno County. (T)

RATE

	<u>Per Month</u>	
For each hydrant	\$3.00	(I)

SPECIAL CONDITIONS

1. For water delivered for other than fire protection purposes, charges shall be made at the quantity rates under Schedule No. 1, General Metered Service.
2. Relocation of any hydrant shall be at the expense of the party requesting relocation.
3. Fire hydrants shall be attached to the utility's distribution mains upon receipt of proper authorization from the appropriate public authority. Such authorization shall designate the specific location at which each is to be installed.
4. The utility will supply only such water at such pressure as may be available from time to time as a result of its normal operation of the system.